



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0765	Title:	Revise retirement laws
Primary Sponsor:	Olson, Alan	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

	<u>FY 2007 Difference</u>	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:					
General Fund	(\$500)	(\$460)	(\$230)	\$0	\$0
Revenue:					
General Fund	\$0	\$0	\$0	\$0	\$0
Other- Pension Fund	(\$500)	(\$460)	(\$230)	\$0	\$0
Net Impact-General Fund Balance:	<u>\$500</u>	<u>\$460</u>	<u>\$230</u>	<u>\$0</u>	<u>\$0</u>

FISCAL ANALYSIS

Assumptions:

- Under 5-2-304, MCA, legislators who are members of a state retirement system at the time they assume office may elect to continue participation in that system while serving in the Legislature. The election, once made, is irrevocable. The window of opportunity is only open through June 30, 2007.
- Under HB 765, legislators who elected to continue participation under 5-2-304, MCA, may revoke the election made under that section. The revocation must be made prior to July 1, 2007.
- Legislators who were not members of a state retirement system at the time they assumed office and who elected membership under 19-3-412, MCA, are not eligible under HB 765 to revoke that election.
- For each legislator who exercises the option provided in HB 765, the Legislative Branch would no longer be required to pay the employer portion of retirement contributions. Depending on the specific system's contribution rate, decreased costs per individual could range from \$170 during a non-session year to \$1,100 during a session year.
- The Legislative Branch assumes no more than ten percent of legislators are eligible to revoke an election under this bill but has no basis to determine how many of that ten percent would exercise the revocation option.
- It is possible the number could be as low as a single member of the Legislature, however it is much more likely that 2 percent will "opt out". The employer rate savings will be \$500 during FY 2007.
- Using the 2 percent of legislators "opting out", and assuming an average of 20 salary days during FY 2008 and 10 salary days during FY 2009, the fiscal impact is \$460 and \$230 respectively.

8. It is not reasonable to assume there would be an impact during the 2009 session or beyond. The legislators who “opted out” during the window of opportunity may not run again for office, may not win if they do run for office, or may be termed out. In any of those cases, the fiscal impact would stop when the legislator’s term ends in December 2008.

	<u>FY 2007 Difference</u>	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>					
<u>Expenditures:</u>					
Personal Services	(500)	(460)	(230)	0	0
TOTAL Expenditures	<u>(500)</u>	<u>(460)</u>	<u>(230)</u>	<u>0</u>	<u>0</u>
<u>Funding of Expenditures:</u>					
General Fund (01)	(500)	(460)	(230)	0	0
Other- Pension Fund (09)	0	0	0	0	0
TOTAL Funding of E:	<u>(500)</u>	<u>(460)</u>	<u>(230)</u>	<u>0</u>	<u>0</u>
<u>Revenues:</u>					
General Fund (01)	0	0	0	0	0
Other (09) Pension Fund	(500)	(460)	(230)	0	0
TOTAL Revenues	<u>(500)</u>	<u>(460)</u>	<u>(230)</u>	<u>0</u>	<u>0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
General Fund (01)	\$500	\$460	\$230	\$0	\$0
Other (09) Pension Fund	-\$500	-\$460	-\$230	\$0	\$0

Sponsor's Initials

Date

Budget Director's Initials

Date